

Message Text

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ORIGIN EB-07

INFO OCT-01 EA-07 NEA-10 IO-10 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01

STR-04 GSA-01 /109 R

DRAFTED BY EB/CSB/OSB:JRGRAHAME:CEK

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E:RPOATS

EB/OT/STA:MNAYOR (INFO)

EB/ISM:WWEINGARTEN (INFO)

NEA/INS:RMORLEY

EB/ICD/FTD:JWILLIAMS (INFO)

S/S:MR. ORTIZ

----- 115416

P R 032233Z NOV 75

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI PRIORITY

INFO USMISSION GENEVA

AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: ETRD, USINJC, IN, US

SUBJECT: INDIAN DEPUTY COMMERCE MINISTER SINGH'S CALL ON
UNDER SECRETARY ROBINSON: MICA, SHRIMP, AND TEXTILES

REF: STATE 252502; STATE 245775

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1. DEPUTY COMMERCE MINISTER V.P. SINGH, COMMERCE MINISTRY SECRETARY BOSE MULLICK, AND INDIAN COMMERCIAL MINISTER DIXIT CALLED ON UNDER SECRETARY ROBINSON OCT. 31. DEPUTY ASST. SECRETARY BILLER (EB) AND NEA AND EB OFFICERS PARTICIPATED.

2. SINGH SAID THAT HIS OCT. 30 MEETING WITH US MICA IMPORTERS ASSOCIATION (MIA) IN NEW YORK RESULTED IN COMPROMISE AGREEMENT UNDER WHICH MIA MEMBERS WILL RESUME MICA IMPORTS FROM INDIA. INSTEAD OF SPLITTING EACH ORDER 60/40 BETWEEN GOI'S MICA TRADING AGENCY (MITCO) AND PRIVATE SECTOR ON A VOLUME BASIS, THE SPLIT WILL BE EFFECTED ON AN ANNUAL AND VALUE BASIS. IN THE EVENT OF DISPUTE ON QUALITY, MITCO AND MIA REPS WILL INSPECT SHIPMENT IN US AND DECIDE. SINGH ALSO AGREED THAT GOI'S NEW FLOOR PRICES WILL APPLY TO NEW CONTRACTS ONLY, AND THAT GOI WOULD

REDUCE SOME PRICES AND CONSIDER REDUCTIONS ON OTHERS. SINGH CONCEDED TO ROBINSON THAT GSA MIGHT HAVE TO RELEASE SUFFICIENT MICA TO KEEP PIPELINE FULL UNTIL NEW SHIPMENTS BEGIN TO ARRIVE FROM INDIA. (DEPT. SEEKING TO VERIFY ABOVE ACCOUNT OF COMPROMISE WITH MIA.)

3. SHRIMP - SINGH EXPRESSED GOI ANXIETY OVER MOVEMENT TO IMPOSE TARIFF AND NON-TARIFF BARRIERS TO US IMPORTS OF SHRIMP AND OUTLINED IMPORTANCE TO INDIAN ECONOMY OF ITS \$8 MILLION ANNUAL SHRIMP EXPORTS TO US. HE NOTED THAT GOI PARTICIPATING FORMALLY IN ITC SHRIMP HEARINGS. ROBINSON SAID US PREFERS FREE TRADE AND WISHES ELIMINATE BARRIERS THERETO AND EXPLAINED FACT-FINDING NATURE OF ITC INVESTI-

GATION. HE SAID THAT IF SHRIMP BILL PROGRESSED TO HEARING STAGE IN CONGRESS, DPT. WILL PRESENT ITS VIEWS, TAKING GOI CONCERN FULLY INTO ACCOUNT.

4. TEXTILES - SINGH EXPLAINED IMPORTANCE TO INDIAN ECONOMY OF HANDLOOM TEXTILE PRODUCTION, NOTING THAT IT PROVIDED EMPLOYMENT FOR 10 MILLION PEOPLE, RESULTED IN \$13-15 MILLION IN EXPORTS TO THE US, AND RANKED SECOND TO AGRICULTURE IN PRIME MINISTER'S NEW ECONOMIC DEVELOPMENT LIMITED OFFICIAL USE

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PROGRAM. SINGH THEN NOTED THAT CRUX OF PROBLEM FOR INDIAN HANDLOOMS IN US WAS THAT OF DEFINITION; HE CONCEDED THAT WHILE ELECTRIC SEWING MACHINES WERE SOMETIMES USED, PRODUCTION WAS STILL UNDER COTTAGE INDUSTRY CONDITIONS. THEREFORE, THE APPAREL PRODUCED STILL QUALIFIED AS HANDLOOMS EXEMPT FROM QUOTA LIMITATIONS. ROBINSON SAID THAT WHILE HE WAS IMPRESSED WITH THE INDIAN ARGUMENTS, HE WAS NOT COMPETENT TO JUDGE THIS COMPLEX AND SPECIALIZED

ISSUE. DIXIT SAID THAT DISCUSSIONS WITH SPECIALISTS IN STATE AND COMMERCE HAD INDICATED THAT THE US CONSIDERS USE OF ELECTRIC SEWING MACHINES AS FACTOR DISQUALIFYING HAND-LOOM GARMENT FOR EXEMPTION FROM IMPORT QUOTAS. THEREFORE, DIXIT SAW NEED FOR POLITICAL-LEVEL DISCUSSION OF PROBLEM. (DEPT. INTENDS REQUEST TECHNICAL DISCUSSIONS WITH INDIANS ON OVERSHIPMENTS AND IMPLEMENTATION OF THE INDO-US AGREEMENT'S PROVISIONS CONCERNING EXEMPT ITEMS.)

6. ROBINSON EXPRESSED REGRET THAT HE WAS UNABLE TO ATTEND RECENT JOINT COMMISSION MEETING. ALL AGREED THAT JOINT COMMISSION WORK PROGRESSING WELL. KISSINGER

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